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CORPORATION FILE

S. H. KRESS & COMPANY

STATEMENT

YEAR 1940

EXECUTIVE AND BUYING OFFICES
114 FIFTH AVENUE
NEW YORK, N. Y.

MRB
CORP. FILE

S. H. KRESS

Balance Sheet, D

ASSETS

CURRENT ASSETS:			
Cash		$12,955,678.69	
U. S. Government securities, at cost (quoted market value $391,462.50)		390,000.00	
Sundry debtors		25,103.99	
Inventories of merchandise, including merchandise in transit, at cost or market, whichever is lower		14,335,319.09	
			$27,706,101.77
U. S. GOVERNMENT SECURITIES deposited in escrow under lease agreement (quoted market value $25,851.56)			25,507.81
LONG TERM LOANS AND ADVANCES TO LANDLORDS.			289,427.57
DEFERRED CHARGES TO FUTURE OPERATIONS:			
Prepaid insurance premiums		$ 322,613.90	
Deferred rental expenses, prepaid taxes, rent, etc.		96,878.96	
			419,492.86
CAPITAL ASSETS:			
Fixtures and equipment, at cost	$14,596,690.31		
Less—Reserve for depreciation	8,841,964.93		
		$ 5,754,725.38	
Leasehold and other improvements, at cost	$16,527,840.30		
Less—Reserve for amortization	5,868,882.38		
		10,658,957.92	
Land and buildings owned in fee, at cost in cash and capital stock	$37,830,950.18		
Less—Reserve for depreciation	5,511,712.62		
		32,319,237.56	
Goodwill, leaseholds, etc.		1.00	
			48,732,921.86
			$77,173,451.87

To the Stockholders of
S. H. Kress & Company:

We have examined the balance sheet of S. H. Kress & Company as of Dece ended, have reviewed the system of internal control and the accounting procedu have examined or tested accounting records of the Company and other supportin

In our opinion, the accompanying balance sheet and related statement of at December 31, 1940, and the results of its operations for the year then ended, consistent with that of the preceding year.

56 PINE STREET,
New York,
January 24, 1941

& COMPANY

)ecember 31, 1940

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable—trade creditors	$ 352,486.88	
Accounts payable—merchandise in transit..	1,441,122.66	
Accrued expenses and miscellaneous accounts payable	1,887,922.01	
Provision for Federal income and capital stock taxes	1,836,436.22	
		$ 5,517,967.77
CAPITAL STOCK AND EARNED SURPLUS:—		
Capital stock:		
Special preferred stock—6% cumulative:		
Authorized—1,000,000 shares of $10 each..... $10,000,000.00		
Issued—911,976–6/40 shares	$ 9,119,761.50	
Common stock without par value:		
Authorized—2,678,787 shares		
Issued or reserved for exchange of old stock—2,357,574 shares.....	48,511,252.92	
	$57,631,014.42	
(Common stock reserved for sale to employees—68,434 shares)		
Earned surplus, per statement attached....	16,055,127.29	
	$73,686,141.71	
Less—Cost of 191,085 shares of special preferred stock ($1,912,140.73) and 5,900 shares of common stock ($118,516.88) reacquired and held in treasury.....	2,030,657.61	
		71,655,484.10
		$77,173,451.87

mber 31, 1940, and the statement of profit and loss and surplus for the year then
res of the Company and, without making a detailed audit of the transactions,
g evidence, by methods and to the extent we deemed appropriate.
profit and loss and surplus present fairly the position of S. H. Kress & Company
in conformity with generally accepted accounting principles applied on a basis

PRICE, WATERHOUSE & Co.

S. H. KRESS & COMPANY

Statement of Profit and Loss and Surplus

for the Year ending December 31, 1940

GROSS SALES		$88,299,960.55
Cost of merchandise sold, taxes and other operating expenses (including amounts charged to owned stores as rental)	$80,658,868.05	
Provision for depreciation and amortization	2,311,163.37	
		82,970,031.42
Profit from operations, before providing for Federal income taxes		$ 5,329,929.13
Add:		
Amount charged to owned stores as rental (included in operating expenses above)	$ 1,413,603.30	
Rentals received from other tenants	307,409.35	
Other income (net)	4,218.74	
		1,725,231.39
		$ 7,055,160.52
Deduct—Provision for Federal income taxes		1,716,000.00
NET PROFIT FOR YEAR, CARRIED TO SURPLUS		$ 5,339,160.52
Earned surplus at January 1, 1940		14,910,990.62
		$20,250,151.14
Dividends paid:		
On common stock ($1.60 per share)	$ 3,762,678.40	
On special preferred 6% cumulative stock (60c per share)	432,345.45	
		4,195,023.85
EARNED SURPLUS AT DECEMBER 31, 1940		$16,055,127.29

* * * * *

Various Federal, state, and municipal taxes for the year 1940 amounted to $5,184,189, or an average of $21,422 per store in operation at close of the year.

The Company operated a total of 242 stores at the end of the year.